

Message Text

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15

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 STR-04 GSA-01 COME-00 DODE-00

TRSE-00 OMB-01 LAB-04 IO-10 FEA-01 AGR-05 CEA-01

CIAE-00 FRB-03 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 TAR-01 USIA-06 PRS-01

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GSA:PREAD

COMMERCE:KKUWABARA

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TREASURY:JSCHOTT

OMB:LHAUGH

LABOR:GMOODY

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS PRIORITY

INFO USMISSION GENEVA

USDEL MTN GENEVA

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY TH HAGUE

AMEMBASSY DUBLIN

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C O R R E C T E D C O P Y (BRUSSELS ADDED AS ADDRESSEE)

E.O.11652: N/A

TAGS: ETRD, OECD

SUBJECT: SEPTEMBER 15-19 TCWP MEETING ON GOVERNMENT PRO-
CUREMENT

1. GUIDANCE FOLLOWS FOR U.S. DELEGATION TO SUBJECT MEET-
ING. DELEGATION SHOULD BE GUIDED BY EARLIER INSTRUCTIONS
UNLESS OTHERWISE INDICATED. DISCUSSION WILL BE BASED ON
REVISED DRAFT CODE (TFD/TD/840, 1ST REVISION).

2. ADOPTION OF THE AGENDA (AGENDA ITEM 1)--DEL SHOULD
AGREE TO AGENDA (TFD/TD/870) BUT MAY NOTE THAT THERE ARE A
NUMBER OF ITEMS WHICH APPEAR TO THE UGMS. TO BE TANGENTIAL
AT THIS STAGE OF DEVELOPMENT OF INSTRUMENT. DEL MAY RE-
ITERATE STATEMENT IN OUR AGENDA SUBMISSION (STATE 151341)
THAT WE ARE PREPARED TO WORK TOWARD AD REFERENDUM DECISIONS
ON ALL OF THE OUTSTANDING ISSUES BEFORE THE TCWP. NONETHE-
LESS, WE CONSIDER THAT CERTAIN AGENDA ITEMS SUCH AS WITH-
DRAWAL FROM THE CODE WOULD BE BETTER LEFT UNTIL MAJOR MORE
IMMEDIATE ISSUES ARE FULLY EXAMINED. DEL SHOULD ENCOURAGE
ALL MEMBERS TO U E FORTHCOMING AND EXPRESS HOPE OF U.S.
GOVERNMENT THAT THIS MEETING AND ONE TO BE SCHEDULED
FOR LATER IN THE FALL WILL IN FACT PRODUCE A BASIS ON
WHICH ALL GOVERNMENTS WILL BE IN A POSITION TO DETERMINE
WHAT IS ACHIEVABLE AS TO THE INGREDIENTS OF A PROCUREMENT
CODE.

3. GENERAL DEVELOPMENTS SINCE LAST MEETING (AGENDU
ITEM 2)--DISCUSSION WILL LIKELY REVOLVE AROUND THE
RECENT GATT DOCUMENT ON GOVERNMENT PROCUREMENT (MTN/
NTM/W/16 --AUGUST 5, 1975) AND THE OECD SECRETARIAT
SUBMISSION. SHOULD THE QUESTION ARISE CONCERNING DIS-
CUSSION OF GOVERNMENT PROCUREMENT IN GENEVA, DEL MAY
REFER TO AMBASSADOR DENT'S TNC STATEMENT ON SUBJECT.

4. FIELD OF APPLICATION OF THE INSTRUMENT (AGENDA ITEM
3)--DEL SHOULD BE GUIDED BY PREVIOUS INSTRUCTIONS. DEL
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SHOULD EMPHASIZE OUR CONTINUING BELIEF THAT CODE SHOULD
COVER WIDEST POSSIBLE RANGE OF PRODUCTS AND OUR CONCERN
OVER INDICATIONS THAT OTHERS MAY BE CONSIDERING
LIMITING SCOPE BY EXCLUSION OF SEVERAL KEY ENTITIES AND
PRODUCT SECTORS. DEL SHOULD ENDEAVOR TO FOCUS DISCUSSION
ON ASPECTS OF DEROGATIONS AND PRODUCT SECTOR EXCLUSIONS
OF THIS AGENDA ITEM--RECOGNIZING THAT THE QUESTION OF
ENTITIES COVERAGE IS AN ELEMENT LIKELY TO BE RESOLVED

ONLY IN FINAL BALANCING ASPECT OF CODE NEGOTIATIONS. DEL SHOULD ENCOURAGE FULL DISCLOSURE AND AIRING OF VIEWS BY ALL DELEGATIONS REGARDING THEIR RESPECTIVE GOVERNMENT POSITIONS ON ENTITIES AND DEROGATIONS. DEL MAY DISABUSE TCWP THAT THRESHHOLD COULD BE ANSWER TO SMALL BUSINESS DEROGATION BY DISCUSSING DEPARTMENT OF DEFENSE STATISTICS ON MILITARY PRIME CONTRACT AWARDS TO SMALL BUSINESS (DOD DATA OF SEPTEMBER 13, 1974 BEING HAND CARRIED BY DEL)

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5. FUTURE STATISTICAL REQUIREMENTS (AGENDA ITEM 5)--DEL SHOULD PRESS TO FINALIZE AGREEMENT ON COMPREHENSIVE STATISTICS FOR SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES. THE U.S. REMAINS OPPOSED TO ANY ATTEMPTS TO SET UP A SUBGROUP OF EXPERTS FOR THE PURPOSE OF DEFINING STATISTICAL FRAMEWORK. THE PROBLEM IS A SUBSTANTIVE ONE AS TO WHAT DATA WOULD BE NEEDED--STATISTICAL EXPERTS MIGHT BE NEEDED LATER ONLY FOR IMPLEMENTATION PURPOSES. IF NECESSARY, DEL MAY INDICATE SOME SLIPPAGE IN THE OPERATIONAL DATE OF THE U.S. DATA SYSTEM BUT THAT OUR INTENTIONS REMAIN FIRM.

6. SURVEILLANCE (AGENDA ITEM 6)--THERE IS NO CHANGE IN THE U.S. POSITION WITH REGARD TO SETTLEMENT OF DISPUTES. DEL MAY PROPERLY PRESS OTHER DELEGATIONS FOR THEIR REACTIONS TO THE U.S. PROPOSAL ON THIS MATTER SINCE THEY NOW HAVE HAD A GREAT DEAL OF TIME TO STUDY IT. IF QUERIED ABOUT SWEDISH PROPOSAL OF LAST MEETING (TFD/TD/861, PARA. 16), DEL MAY INDICATE WE ARE STILL CONSIDERING IT AND WOULD APPRECIATE OTHER DEL VIEWS TO ASSIST OUR FURTHER DELIBERATIONS.

7. NON-DISCRIMINATION (AGENDA ITEM 7)--U.S. IS STILL LIMITED OFFICIAL USE

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MAINTAINING OPEN MIND ON ALL ASPECTS OF THIS ISSUE. WHILE U.S. PREFERS 50 PERCENT ORIGIN RULE, DEL SHOULD ENCOURAGE MEMBERS TO SET FORTH FOR CONSIDERATION AND ORIGIN RULE WHICH WOULD NOT DISCRIMINATE AGAINST GOODS AND/OR SUPPLIERS OF ANY SIGNATORY GOVERNMENT. DEL MAY NOTE DR. KISSINGER'S STATEMENT TO U.N. SPECIAL SESSION THAT "... IN KEEPING WITH THE TOKYO DECLARATION, WE SHOULD ADOPT RULES OF NON-TARIFF BARRIERS TO THE PARTICULAR SITUATION OF DEVELOPING COUNTRIES. IN SETTING INTERNATIONAL STANDARDS FOR GOVERNMENT PROCUREMENT PRACTICES, FOR EXAMPLE THE UNITED STATES WILL NEGOTIATE SPECIAL CONSIDERATIONS FOR THE DEVELOPING COUNTRIES." WHAT THOSE SPECIAL CONSIDERATIONS WILL BE WILL DEPEND ON THE FURTHER ELABORATION OF THE DRAFT CODE. WE CONTINUE TO OPPOSE CONCEPT THAT MEMBERS OF FREE TRADE AREAS OR

CUSTOMS UNIONS COULD EXTEND TO ONE ANOTHER MORE FAVORABLE TREATMENT THAN EXTENDED TO OTHER SIGNATORIES.

8. OFFSETS (AGENDA ITEM 8)--U.S. DEL SHOULD BE GUIDED BY PREVIOUS INSTRUCTIONS AND REITERATE THAT THE U.S. REMAINS OPPOSED TO ANY REQUIREMENT FOR THE USE OF OFFSETS AS A CONDITION OF AWARDS.

9. MEMBERSHIP-WITHDRAWAL (AGENDA ITEM 9)--WE CONSIDER THAT A DISCUSSION OF MEMBERSHIP-WITHDRAWAL IS PREMATURE. UNTIL DELEGATIONS ARE AWARE OF THE MAJOR SUBSTANTIVE PROVISIONS OF THE INSTRUMENT IT WOULD BE DIFFICULT IF NOT IMPOSSIBLE TO DEVELOP A SECTION DEALING WITH THIS TOPIC. IF OTHER DELS PERSIST IN ADDRESSING THIS ITEM, U.S. DEL, IF APPROPRIATE, SHOULD REITERATE U.S. NEED THAT RIGHT OF WITHDRAWAL BE UNFETTERED AND WITHIN REASONABLE TIME LIMIT.

10. TIMETABLE OF WORK (AGENDA ITEM 10)--(A) DEL SHOULD STATE THAT THE RECENT GATT DOCUMENT ON GOVERNMENT PROCUREMENT INDICATES THAT GATT WILL BE FOLLOWING DEVELOPMENTS WITHIN THE OECD WITH CARE, AND CONSEQUENTLY, THAT EFFORTS OVER THIS AND NEXT MEETING MUST BE CONCENTRATED SO THAT GOVERNMENTS CAN BE IN POSITION EARLY NEXT YEAR TO CONSIDER RELATIONSHIP OF GOVERNMENT PROCUREMENT CODE TO MTN. (B) DEL SHOULD NOTE THAT U.S. HAS LIMITED OFFICIAL USE

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SUBMITTED ITS REVISION FOR UPDATING PINK BOOK AND URGE ALL COUNTRIES TO COMPLY AS SOON AS POSSIBLE. (C) DEL SHOULD SUGGEST A WP MEETING IN EITHER THE FIRST OR SECOND WEEK IN DECEMBER. AGENDA SUGGESTIONS FOR NEXT MEETING LEFT TO DISCRETION OF DEL DEPENDING ON PROGRESS AT THIS MEETING.

11. CONSISTENT WITH OUR OVERALL APPROACH TO THIS MEETING, DEL MAY AGREE TO INCLUSION IN AGENDA FOR THIS MEETING OF ITEMS BELATEDLY SUBMITTED BY CANADIANS (TFD/TD/874). DEL'S EXISTING INSTRUCTIONS CAN BE DRAWN UPON FOR DISCUSSION OF THESE ISSUES. KISSINGER

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